

Message Text

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L-02 CIAE-00 INR-07 NSAE-00 TRSE-00 DODE-00 PRS-01

ACDA-05 SAJ-01 NEA-09 IO-10 SAM-01 AF-06 /088 W

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R 271911Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7637

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

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S E C R E T SECTION 01 OF 03 LONDON 01239

E.O. 11652: X-GDS-1

TAGS: UK, PFOR

SUBJECT: AGENDA FOR WILSON VISIT

1. PRIME MINISTER WILSON VIEWS HIS FORTHCOMING VISIT TO WASHINGTON AS AN OPPORTUNITY TO GET TO KNOW PRESIDENT FORD PERSONALLY AND AS AN OCCASION FOR THE LEADERS OF TWO CLOSE ALLIES TO CONSULT FREELY OVER A WIDE RANGE OF ISSUES WHICH THEY MUST CONFRONT TOGETHER. THE BRITISH HERE HAVE STRESSED TO US THAT ANGLO-AMERICAN RELATIONS ARE EXCELLENT JUST NOW, THAT THERE ARE NO RPT NO IRRITANTS WHATSOEVER, AND THAT THEY EXPECT THE TALKS

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IN WASHINGTON TO RUN SMOOTHLY. THEY HAVE PROVIDED US

WITH A LIST OF THE MAJOR TOPICS LIKELY TO BE DISCUSSED,
AND WE OFFER BRIEF COMMENTS ON SOME OF THEM AS SEEN FROM
HERE:

2. WORLD ECONOMIC PROBLEMS:

AS A MAJOR MANUFACTURING, TRADING AND BANKING NATION,
BRITAIN HAS TRADITIONALLY FAVORED FREER WORLD TRADE AND
MINIMUM BARRIERS TO CAPITAL MOVEMENTS. BY THE SAME
TOKEN, BRITAIN HAS TRADITIONALLY ENCOURAGED MEASURES TO
MAINTAIN DEMAND IN OTHER COUNTRIES AND TO PROVIDE ADE-
QUATE INTERNATIONAL LIQUIDITY. THE PRESENT GOVERNMENT
CLEARLY RECOGNIZES THE COMPLEXITIES OF THE ECONOMIC
PROBLEMS FACING THE DEVELOPED COUNTRIES IN THE CURRENT
ENERGY CRISIS AND RECESSION SITUATION, HAS STRONGLY
ADVOCATED A COOPERATIVE INTERNATIONAL APPROACH TO MEET
THEM, AND HAS EXPRESSED RELIEF THAT AT LEAST TWO OF ITS
MAJOR TRADING PARTNERS, THE U.S. AND GERMANY, ARE BEGIN-
NING TO REFLATE. WILSON WILL BE PARTICULARLY INTERESTED
IN PRESIDENT'S PROGNOSIS ON DOMESTIC ECONOMY.

3. ENERGY:

BRITAIN IMPORTS ABOUT 2 MILLION BARRELS OF OIL A DAY, OR
ABOUT HALF ITS ENERGY REQUIREMENTS. TWO THIRDS OF ITS
OIL COMES FROM ARAB PRODUCERS. THANKS TO THE NORTH SEA
BRITAIN COULD BECOME SELF-SUFFICIENT IN ENERGY BY 1980.

A. NORTH SEA: UNCERTAINTY ABOUT THE AMOUNT OF TAX AND
DETAILS OF GOVERNMENT PARTICIPATION IN NORTH SEA COM-
PANIES, TOGETHER WITH RISING COSTS, HAVE LED TO SOME
SLOWDOWN IN DECISIONS ON EXPLORATION AND DEVELOPMENT
AND IN OBTAINING FINANCING. WE RECOMMEND DISCUSSIONS
WITH BRITISH ALONG LINES OF LONDON 843.

B. PRODUCER CONSUMER MEETING: THE BRITISH HAVE SUPPORT-
ED OUR POSITION THAT A PRODUCER/CONSUMER MEETING MUST BE
CAREFULLY PREPARED. HOWEVER, AT LEAST UNTIL RENEGOTIA-
TION OF MEMBERSHIP IN THE EUROPEAN COMMUNITIES IS
COMPLETED, PERHAPS IN APRIL, THEY WILL PAY PARTICULAR
ATTENTION TO THE VIEWS OF THEIR EC PARTNERS, ESPECIALLY
FRANCE.

C. RECYCLING: THE BRITISH HAVE CONSISTENTLY ADVOCATED
THE LINE TAKEN BY CHANCELLOR HEALEY AT THE IMF/IBRD
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MEETINGS IN SEPTEMBER FOR AN EXTENSION OF THE IMF OIL
FACILITY. THEY HAVE ALSO SUPPORTED SECRETARY KISSINGER'S
"SAFETY NET" PROPOSAL AND CONSIDERED THE TWO PLANS COM-
PATIBLE. THEY ARE PLEASED WITH THE ADOPTION OF BOTH
PROPOSALS AND CAN BE EXPECTED TO SUPPORT THE IMPLEMEN-
TATION OF BOTH. WE HAVE REPORTED ON LEVER'S VIEWS, WHICH
ARE DIFFERENT FROM THOSE OF TREASURY, AND WILSON MAY WANT
TO SOUND US OUT INDIRECTLY ON INDEXING, ETC., SINCE HE

HAS GREAT RESPECT FOR LEVER'S ACUMEN AND USES HIM AS A
FOIL VIS-A-VIS THE BUREAUCRACY.

4. EAST-WEST ISSUES:

BRITISH HAVE REPEATEDLY MADE POINT THAT WILSON WILL WANT
TO COORDINATE WITH AMERICAN LEADERSHIP THE POSITIONS HE
INTENDS TO TAKE IN MOSCOW ON MAJOR EAST-WEST ISSUES. HE
EXPECTS SOVIETS TO RAISE CSCE, MBFR, AND WDC, AMONG OTHER
THINGS. ONLY SUBJECT ON WHICH WE EXPECT WILSON/CALLAGHAN
TO MAKE SPECIAL PITCH TO U.S. IS CSCE. THEIR BRIEF IN-

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CLUDES RECOMMENDATION THAT THEY STRESS THAT U.S. SUPPORT OF ALLIED POSITIONS IN CSCE IS VITAL BECAUSE RUSSIANS REFUSE TO NEGOTIATE ON POINTS ON WHICH U.S. DOES NOT SPEAK. WE EXPECT BOTH PM AND FONSEC TO MAKE EXHORTATIONS FOR U.S. HELP ON THIS POINT AND TO STRESS NEED FOR ALLIED UNITY IN GENERAL. PM WILL, OF COURSE, ALSO SEEK FORD/KISSINGER ASSESSMENT OF CURRENT STATE OF US-USSR RELATIONS IN AFTERMATH OF TRADE LEGISLATION PROBLEMS.

5. MIDDLE EAST:

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BRITISH CONTINUE TO FOLLOW HANDS-OFF POLICY ON ARAB-ISRAEL SETTLEMENT QUESTION SO AS NOT TO INTERFERE WITH SECRETARY KISSINGER'S NEGOTIATIONS. THIS QUESTION HAS OVER THE PAST YEAR BECOME INTIMATELY CONNECTED WITH INTERNATIONAL OIL AND FINANCIAL AFFAIRS, HOWEVER, THUS HEIGHTENING BRITISH CONCERN AND SHARPENING BRITISH DESIRE TO BE KEPT REASONABLY WELL INFORMED. IN RETURN BRITISH OFFER THEIR COOPERATION IN EUROPEAN COMMUNITY -- WHERE THEY HAVE EMERGED AS THE ONLY EFFECTIVE RALLYING POINT OF OPPOSITION TO FRENCH STEAMROLLER TACTICS ON THE MIDDLE EAST -- AS WELL AS THEIR CONTINUING INDEPENDENT INFLUENCE IN THE ARAB WORLD. POLICY TOWARD ARAB-ISRAEL QUESTION IS CONTROVERSIAL IN THE BRITISH PARLIAMENT (UNLIKE THE U.S. CONGRESS), AND BRITISH MAY NOT ALWAYS BE AS FORTHCOMING IN POLICY DECISIONS WITH PUBLIC RELATIONS IMPACT AS WE WOULD WISH. THEIR MIDDLE EASTERN POLICY CLOSELY PARALLELS OUR OWN ON ALL ESSENTIALS, HOWEVER, AND BRITISH EXPECT US TO RECOGNIZE THAT FACT. WILSON HIMSELF IS MORE PRO-ISRAELI THAN MOST UK OFFICIALS OR POLITICAL LEADERS, AND THUS COULD HAVE IMPORTANT DEGREE OF INFLUENCE WITH ISRAELI LEADERS AT CRUCIAL POINTS.

6. EC-ARAB DIALOGUE:

BRITISH HAVE RALLIED OPPOSITION TO FRENCH DESIRES FOR INCLUSION OF PLO REPRESENTATIVES IN THIS DIALOGUE. BRITISH WILL CONTINUE TO COOPERATE WITH USG WHENEVER THEY CAN FIND (POLICY OR TECHNICAL) ARGUMENTS THAT ARE CONVINCING TO AT LEAST SOME OF THEIR EUROPEAN PARTNERS. BRITISH WILL ASSURE USG THAT THEY INTEND TO BLOCK ANY ARAB (OR FRENCH) MOVES TOWARD CONCRETE DIALOGUE ON POLITICAL ISSUES IN THIS FORUM, THOUGH THEY CANNOT PREVENT PEOPLE FROM MAKING SPEECHES--AT SUCH TIME AS DIALOGUE ACTUALLY OPENS WITH SUBSTANTIVE MEETINGS ON VARIOUS ECONOMIC AND SOCIAL ISSUES.

7. CYPRUS:

BRITISH CONTINUE THEIR PRESENCE AT SOVEREIGN BASE AREAS (LARGELY AT U.S. REQUEST) AND BELIEVE USG WANTS HMG TO REMAIN INVOLVED IN CYPRUS SETTLEMENT EFFORTS. BRITISH CANNOT EASILY CUT LEGAL UMBILICAL CORD CONNECTING THEM TO 1960 TREATIES ESTABLISHING REPUBLIC OF CYPRUS THOUGH
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THEY REALIZE THEY HAVE NO PRACTICAL POWER TO ASSIST GREEK AND TURKISH SIDES TO SETTLEMENT. THEY EXPECT USG TO KEEP THEM FULLY AND CURRENTLY INFORMED ON WHAT IS HAPPENING BEHIND THE SCENES. IN RETURN THEY CAN OFFER OBSERVATIONS, AND COOPERATIVE EFFORTS WITH FELLOW EUROPEANS, BASED ON LONG BRITISH EXPERIENCE IN CYPRUS, AS WELL AS CONTINUING BRITISH INVOLVEMENT IN UNFICYP.

8. NPT:

DISARMAMENT IS AN IMPORTANT POLITICAL ISSUE IN THE LABOR PARTY. THE INDIAN NUCLEAR EXPLOSION AND THE FORTHCOMING NPT REVIEW CONFERENCE HAVE INCREASED THE NORMAL INTEREST. HMG WOULD LIKE TO SEE REAL PROGRESS IN NPT-RELATED ACTIVITIES AND HAS (1) SUPPORTED THE U.S. PROPOSAL FOR A NUCLEAR SUPPLIERS CONFERENCE, (2) PROPOSED THE ESTABLISHMENT OF A PEACEFUL NUCLEAR EXPLOSIONS (PNE) COMMITTEE IN THE IAEA TO SERVE AS A LIGHTNING ROD AGAINST PNG'S AND (3) PRESSED THE ITALIANS AND OTHER NON-RATIFYING COUNTRIES TO COMPLETE NPT RATIFICATION AS SOON AS POSSIBLE.

9. PORTUGAL:

BRITISH HAVE NOT BECOME APPRECIABLY MORE PESSIMISTIC, ALTHOUGH THEY ARE CONCERNED ABOUT UNITARY LABOR LAW -- PRIMARILY BECAUSE IT EVIDENCES STRONG RELATIONSHIP BETWEEN SOME PARTS OF THE ARMED FORCES MOVEMENT AND THE COMMUNISTS. THEY REGARD HOLDING OF ELECTIONS AS PRIMARY MEASURING STICK FOR HOW THINGS WILL GO. HMG POLICY REMAINS AS BEFORE: TO DO WHAT IT CAN (WHICH ISN'T MUCH) TO ASSIST DEVELOPMENT OF FREE, NON-COMMUNIST PORTUGAL, WHILE AVOIDING INVOLVEMENT IN LONGER-RANGE COMMITMENTS.

10. SPAIN:

BRITISH SEE NO POSSIBILITY OF IMPROVEMENT IN UK-SPANISH

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RELATIONS OR IN SPAIN'S RELATIONSHIP WITH NATO SO LONG
AS FRANCO REMAINS ACTIVE ON THE SCENE AND SO LONG AS
SPAIN MAINTAINS ITS HOSTILE POLICIES ON GIBRALTAR. UK
POLICY ON GIBRALTAR REMAINS UNCHANGED. IF SPANISH SHOULD
RAISE STATUS OF GIBRALTAR IN CONNECTION WITH BASE
NEGOTIATIONS, UK WILL ASK THAT US MAINTAIN ITS POLICY OF
REFUSING TO INTERVENE.

11. CONCORDE

HMG TELLS US PM WILSON PLANS RAISE CONCORDE QUESTION WITH

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PRESIDENT FORD. WE ARE TOLD HERE THAT GISCARD RAISED
ISSUE WITH PRESIDENT AT MARTINIQUE AND BRITISH BELIEVE

THEY CANNOT AFFORD TO DO LESS. WILSON WILL BE SEEKING ASSURANCE FROM PRESIDENT FORD (SIMILAR TO THAT PREVIOUSLY GIVEN BY PRESIDENT NIXON) THAT AT FEDERAL LEVEL AT LEAST US WILL IMPOSE NO BARRIERS TO CONCORDE SERVICE TO US.

12. SOUTHERN AFRICA

BRITISH CAN BE EXPECTED TO INQUIRE ABOUT PROSPECTS IN NEW CONGRESS FOR REPEAL OF BYRD AMENDMENT. THEY MAY EXPLORE POSSIBILITIES FOR USG PRESSURE ON SOUTH AFRICA TO PUSH SMITH TOWARDS A RHODESIAN SETTLEMENT, AS WELL AS APPROACH TO VORSTER ON QUESTION OF POLITICAL PRISONERS. THEY MAY ALSO WISH TO LAY OUT THEIR CONCERNS ABOUT FUTURE OF NAMIBIA.

13. EC RENEGOTIATION

FCO IS URGING PM TO BRIEF PRESIDENT ON STATUS OF EC RENEGOTIATION AND PROVIDE ASSESSMENT OF HOW HE SEES ISSUE BEING RESOLVED. THIS MAY BE DISINGENUOUS EFFORT BY PRO-EC FCO TO SMOKE OUT PM'S OWN INTENTIONS. IN ANY EVENT BRITISH EXPECT USG TO REMAIN INTERESTED BUT NEUTRAL OBSERVER OF WHAT IS ESSENTIALLY A HIGHLY CHARGED DOMESTIC ISSUE.

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